



2015

Department of Energy
Acquisition and Project Management Workshop
"Federal Stewardship—Providing the Value Proposition"

Project Management Briefing for the Acquisition & Project Management Workshop

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Background

- DOE manages some of the largest, most complex, and technically challenging projects in the public or private sector
 - Currently, this includes 35 projects over \$100M – 20 from EM, 8 from SC, 6 from NNSA, and 1 from NE
- The scale of these projects has led to management problems with past and ongoing projects and external criticism from Congress and GAO
 - GAO has ranked DOE's projects on its High Risk List since 1990
- DOE has made significant progress in the last five years in improving its overall project management
 - GAO has narrowed its High Risk List focus to NNSA and EM projects over \$750M



Improving Project Management Report

Secretary Moniz established a special working group in August 2013 that included project management experts from various program offices, which culminated in the *Improving Project Management* report

- The report includes case studies and recommendations from the working group in the following areas:
 - Ownership
 - Independent Oversight
 - Funding
 - Front-End Planning
 - Culture



Recommendations

The report's findings were then evaluated by senior leadership, which has led to implementation of the following project management recommendations:

- 1. Strengthening the Energy Systems Acquisition Advisory Board (ESAAB)**
- 2. Establishing a Project Management Risk Committee**
- 3. Improving the Lines of Responsibility and the Peer Review Process**
- 4. Additional Improvements**



Strengthening the ESAAB

- The ESAAB is now convening at least quarterly and reviewing projects with a TPC of \$100M or greater – focusing on projects at risk of not meeting their performance baselines
- It provides enterprise-wide project management oversight and receives support from project management experts in the Project Management Risk Committee
- These changes are transforming the ESAAB from an ad hoc body to an institutionalized Board that regularly reviews project management across DOE and NNSA



Establishing a Project Management Risk Committee

- The newly established Project Management Risk Committee (PMRC) offers enterprise-wide project management risk assessment
- It advises the Secretary, Deputy Secretary, and the ESAAB on cost, schedule and technical issues for capital asset projects with a TPC of \$100M or greater
- The PMRC meets at least biweekly and meets at least quarterly with the ESAAB
- It is not responsible for project implementation and execution, which remains with the Deputy Secretary, Project Management Executives, the project owner, and the Federal Project Director
- The PMRC is reviewing the working group report's recommendations and providing Secretary Moniz with a specific suggested action for each recommendation



Improving the Lines of Responsibility and the Peer Review Process

Each Under Secretary must submit a plan to Secretary Moniz on recommendations that address the following elements:

- Designating a clear project owner and establishing a clear line of functional responsibility that extends from the Under Secretary to the project owner to the Federal Project Director
- Establishing a project assessment office that does not have line management responsibility for project execution, and that has a direct line of responsibility to the appropriate Under Secretary. These offices will conduct peer reviews.



Additional Improvements

There are several recommendations in the *Improving Project Management* report that have been implemented already:

- Alternatives Analysis: For all projects with an estimated TPC of \$50M or greater currently seeking Critical Decision 1 approval, the responsible program office shall conduct an alternatives analysis that is independent of the contractor organization responsible for the proposed project
- Funding: DOE will request full funding for all new projects with an estimated TPC of \$50M or less
- Compliance with Departmental Project Management Requirements: All programs will ensure that their projects comply with Department Orders
- Project Management Culture: The Department will establish a project leadership institute to create and sustain a culture of project delivery excellence



Conclusions

- With help from experts across the Department, over the last year and with a particular focus on very large projects, we have restructured the DOE approach to project management
- We have strengthened the ESAAB, established a Project Management Risk Committee, and created other mechanisms to support DOE's progress in project management
- Now we must execute the plan